

COUNTY OF RUNNELS  
Annual Financial Report  
Year Ended September 30, 2024

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FINANCIAL SECTION



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## INDEPENDENT AUDITOR'S REPORT

The Honorable County Judge  
and Commissioners' Court  
County of Runnels  
P.O. Box 310  
Ballinger, TX 76821-0310

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Runnels, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Runnels, Texas, as of September 30, 2024, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Section I., Note C.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Runnels, Texas, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter - Basis of Accounting*

##### *Basis of Accounting*

We draw attention to Section I., Note C. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

##### *New Accounting Standard*

The County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*, described in Note I., J. to the financial statements. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Section I., Note C., and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Runnels' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Runnels' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Runnels' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

The management's discussion and analysis, budgetary comparison information, and net pension liability and contributions information and total OPEB liability information for the Texas County & District Retirement System are presented to supplement the basic financial statements. We have applied certain limited procedures to the supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

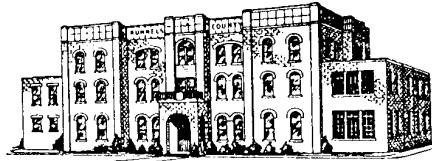
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2025, on our consideration of the County of Runnels' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Runnels' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Runnels' internal control over financial reporting and compliance.

*Eckert & Company, LLP*

June 5, 2025

# RUNNELS COUNTY



**COMMISSIONERS COURT**  
RUNNELS COUNTY COURTHOUSE  
613 HUTCHINGS AVENUE, ROOM 103  
BALLINGER, TEXAS 76821

Julia Miller, County Judge

Carl King, Precinct 1  
Brandon Poehls, Precinct 3

Chris Ocker, Precinct 2  
Juan Ornales, Precinct 4

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the County of Runnels' financial performance provides an overview of the County's financial activities for the year ended September 30, 2024, within the limitations of the County's modified cash basis of accounting. It should be read in conjunction with the County's basic financial statements and independent auditor's report.

### **Financial Highlights - Modified Cash Basis of Accounting**

The County's assets exceeded its liabilities at the end of the current year by \$8,296,492 (net position). Of this amount, \$5,116,356 (unrestricted) may be used to meet the County's ongoing obligations.

The County's total net position increased by \$209,063 or 3% as a result of current year operations. The County's statement of activities shows total revenues of \$9,126,436 and total expenses of \$8,917,373.

The total fund balance of the General Fund is \$3,044,813 which is an increase of \$160,828 or 6% compared to the prior year.

### **Overview of the Financial Statements**

The County's financial statements are presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's modified cash basis of accounting.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements** - The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Overview of the Financial Statements - Continued

The statement of net position presents information on all of the County's assets and liabilities resulting from the use of the modified cash basis of accounting, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the current year while keeping in mind the limitations of the modified cash basis of accounting.

The governmental activities of the County include public transportation through roads and bridges, judicial, public safety, corrections and rehabilitation, public health and welfare, and culture and recreation, as well as general administrative and support services.

The County has no component units.

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the current year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet - modified cash basis and the governmental fund statement of revenues, expenditures, and changes in fund balances - modified cash basis provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet - modified cash basis and in the governmental fund statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund, the Special Revenue Fund - Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Grant Fund, and the Special Revenue Fund - Rural Law Enforcement Salary Assistance Grant Fund, all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation.

The County adopts a budget for its General Fund, Special Revenue Funds, and Debt Service Fund.

**Fiduciary Funds** - Fiduciary funds are used to account for assets which are held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other County funds. The County's fiduciary funds are custodial funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

**Government-Wide Financial Analysis**

**Net Position** - A summary of the County's net position is presented below:

NET POSITION - MODIFIED CASH BASIS

	Governmental Activities	
	September 30,	
	2024	2023
Current and Other Assets	\$ 7,131,945	\$ 6,727,477
Capital Assets	2,639,533	2,811,193
Total Assets	\$ 9,771,478	\$ 9,538,670
Long-Term Liabilities Outstanding	\$ 46,040	\$ 75,910
Other Liabilities	1,428,946	1,375,331
Total Liabilities	\$ 1,474,986	\$ 1,451,241
Net Position		
Net Investment in Capital Assets	\$ 2,593,493	\$ 2,735,283
Restricted	586,643	522,935
Unrestricted	5,116,356	4,829,211
Total Net Position	\$ 8,296,492	\$ 8,087,429

A portion of the County's net position resulting from modified cash basis transactions (\$2,593,493) reflects the County's investment in capital assets, less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position (\$586,643) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$5,116,356) may be used to meet the County's ongoing obligations.

**MANAGEMENT’S DISCUSSION AND ANALYSIS - Continued**

**Government-Wide Financial Analysis - Continued**

**Governmental Activities** - Governmental activities increased the County’s net position resulting from modified cash basis transactions by \$209,063 and \$967,594 for the fiscal years ended September 30, 2024 and 2023, respectively. Key elements of these increases are as follows:

CHANGES IN NET POSITION - MODIFIED CASH BASIS

	<u>Governmental Activities</u>	
	<u>Year Ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Revenues		
Program Revenues		
Charges for Services	\$ 1,318,422	\$ 1,263,073
Operating Grants and Contributions	443,618	223,454
Capital Grants and Contributions	159,186	386,341
General Revenues		
Maintenance and Operations Taxes	5,864,315	5,705,206
Debt Service Taxes	76	754
Sales Taxes	785,968	841,955
Interest Earnings	488,988	406,359
Other Revenues	<u>65,863</u>	<u>140,866</u>
Total Revenues	<u>\$ 9,126,436</u>	<u>\$ 8,968,008</u>
Expenses		
General Government	\$ 2,477,567	\$ 2,316,633
Roads and Bridges	2,469,835	2,292,897
Justice System	770,072	723,620
Public Safety	1,359,654	1,082,910
Corrections and Rehabilitation	1,793,298	1,530,226
Public Health and Welfare	34,447	25,628
Culture and Recreation	<u>12,500</u>	<u>28,500</u>
Total Expenses	<u>\$ 8,917,373</u>	<u>\$ 8,000,414</u>
Change in Net Position	\$ 209,063	\$ 967,594
Net Position - Beginning	<u>8,087,429</u>	<u>7,119,835</u>
Net Position - Ending	<u><u>\$ 8,296,492</u></u>	<u><u>\$ 8,087,429</u></u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. The unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the current year within the limitations of the County's modified cash basis of accounting.

The County's governmental funds reported combined ending fund balances on the modified cash basis of accounting of \$5,702,999, an increase of \$350,853 or 7% in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund \$3,044,813. All of this balance is unassigned.

Special Revenue Funds \$2,610,355. Of this balance \$2,071,543 is committed to special programs and \$538,812 is restricted by legislation.

Debt Service Fund \$47,831. This balance is restricted for payment of long-term debt principal and interest.

### General Fund Budget

The original budget for the General Fund was \$5,768,771, and the final amended budget was \$5,897,941 which represents a \$129,170 increase in appropriations. Variances between the original budget and the final amended budget are shown on page 42 in the supplementary information section of the audit report.

The County has adopted a budget for the General Fund in the amount of \$6,061,680 for the fiscal year 2025, which is an increase of \$163,739 from the fiscal year 2024.

### Capital Assets and Debt - Modified Cash Basis

**Capital Assets** - Financial statement footnote III., C. discloses the County's capital asset activity for the year ended September 30, 2024.

**Long-Term Debt** - Financial statement footnote III., E. discloses the County's debt activity for the year ended September 30, 2024.

### Requests for Information

The financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Julia Miller, County Judge, County of Runnels, P.O. Box 310, Ballinger, TX 76821-0310.

Basic Financial Statements

COUNTY OF RUNNELS  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
SEPTEMBER 30, 2024

	Primary Government
	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 7,120,493
Due from Other Governments	8,586
Capital Assets:	
Land	63,957
Buildings and Improvements, Net	1,634,701
Machinery and Equipment, Net	940,875
Other Assets	2,866
Total Assets	9,771,478
<b>LIABILITIES</b>	
Payroll Liabilities	339
Unearned Revenue	1,329,204
Other Payables	99,403
Noncurrent Liabilities:	
Due Within One Year	29,870
Due in More Than One Year:	
Financed Purchases	16,170
Total Liabilities	1,474,986
<b>NET POSITION</b>	
Net Investment in Capital Assets	2,593,493
Restricted:	
Restricted for Debt Service	47,831
Restricted by Legislation	538,812
Unrestricted	5,116,356
Total Net Position	\$ 8,296,492

The notes to the financial statements are an integral part of this statement.

COUNTY OF RUNNELS  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 2,482,568	\$ 382,343	\$ 68,627
Roads and Bridges	2,469,835	672,396	105,806
Justice System	770,072	131,842	26,207
Public Safety	1,354,654	79,105	101,840
Corrections and Rehabilitation	1,793,297	26,368	140,095
Health and Welfare	34,447	26,368	1,043
Culture and Recreation	12,500	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 8,917,373</b>	<b>\$ 1,318,422</b>	<b>\$ 443,618</b>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

General Sales and Use Taxes

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

		Net (Expense) Revenue and Changes in Net Position	
Capital Grants and Contributions		Primary Government Governmental	
\$	39,047	\$	(1,992,551)
	-		(1,691,633)
	-		(612,023)
	-		(1,173,709)
	120,139		(1,506,695)
	-		(7,036)
	-		(12,500)
\$	<u>159,186</u>		<u>(6,996,147)</u>

5,864,315
76
785,968
65,863
<u>488,988</u>
7,205,210
209,063
<u>8,087,429</u>
<u>\$ 8,296,492</u>

COUNTY OF RUNNELS  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024

	General Fund	SLFRF Grant Fund	Rural Law Enforcement Grant Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,216,351	\$ 1,063,804	\$ 327,737
Due from Other Funds	-	-	-
Due from Other Governments	-	-	-
Other Receivables	2,866	-	-
Total Assets	<u>\$ 3,219,217</u>	<u>\$ 1,063,804</u>	<u>\$ 327,737</u>
<b>LIABILITIES</b>			
Payroll Liabilities	\$ 252	\$ -	\$ 12
Due to Other Funds	-	-	-
Unearned Revenue	86,242	913,237	327,725
Other Payables	87,910	-	-
Total Liabilities	<u>174,404</u>	<u>913,237</u>	<u>327,737</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
Retricted for Debt Service	-	-	-
Restricted by Legislation	-	-	-
Committed Fund Balance:			
Committed for Jury	-	-	-
Committed for Roads and Bridges	-	-	-
Committed for Permanent Improvements	-	-	-
Committed for Special Programs	-	150,567	-
Unassigned Fund Balance	3,044,813	-	-
Total Fund Balances	<u>3,044,813</u>	<u>150,567</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 3,219,217</u>	<u>\$ 1,063,804</u>	<u>\$ 327,737</u>

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 2,512,601	\$ 7,120,493
8,586	8,586
8,586	8,586
-	2,866
<u>\$ 2,529,773</u>	<u>\$ 7,140,531</u>
\$ 75	\$ 339
8,586	8,586
2,000	1,329,204
11,493	99,403
<u>22,154</u>	<u>1,437,532</u>
47,831	47,831
538,812	538,812
283,758	283,758
1,542,431	1,542,431
61,119	61,119
33,668	184,235
-	3,044,813
<u>2,507,619</u>	<u>5,702,999</u>
<u>\$ 2,529,773</u>	<u>\$ 7,140,531</u>

COUNTY OF RUNNELS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
SEPTEMBER 30, 2024

<b>Total Fund Balances - Governmental Funds</b>	\$	5,702,999
Capital assets used in governmental activities and long-term liabilities are not reported in the governmental funds financial statements. The net effect of these adjustments is to increase (decrease) net position.		2,735,283
Current year capital outlays and long-term debt principal payments are expenditures in the governmental funds financial statements. They are increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of these adjustments is to increase (decrease) net position.		279,234
Depreciation expense is not recognized in the governmental funds financial statements. The net effect of this adjustment is to decrease net position.		(421,024)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>8,296,492</b>

The notes to the financial statements are an integral part of this statement.

COUNTY OF RUNNELS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	SLFRF Grant Fund	Rural Law Enforcement Grant Fund
<b>REVENUES:</b>			
Taxes	\$ 4,729,364	\$ -	\$ -
Fees and Fines	221,095	-	-
Intergovernmental	201,542	334,367	172,275
Interest	278,958	66,260	4,419
Miscellaneous	213,170	-	-
Total Revenues	5,644,129	400,627	176,694
<b>EXPENDITURES:</b>			
Current:			
General Government	2,301,666	79,710	-
Road and Bridge	-	70,479	-
Justice System	471,192	-	-
Public Safety	1,127,580	-	176,694
Corrections and Rehabilitation	1,472,493	184,178	-
Health and Welfare	22,870	-	-
Culture and Recreation	12,500	-	-
Total Expenditures	5,408,301	334,367	176,694
Excess of Revenues Over Expenditures	235,828	66,260	-
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	-	-	-
Transfers Out (Use)	(75,000)	-	-
Total Other Financing Sources (Uses)	(75,000)	-	-
Net Change in Fund Balances	160,828	66,260	-
Fund Balance - October 1 (Beginning)	2,883,985	84,307	-
Fund Balance - September 30 (Ending)	\$ 3,044,813	\$ 150,567	\$ -

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 1,920,995	\$ 6,650,359
765,225	986,320
52,709	760,893
139,351	488,988
<u>26,706</u>	<u>239,876</u>
<u>2,904,986</u>	<u>9,126,436</u>
80,513	2,461,889
2,348,236	2,418,715
296,999	768,191
40,836	1,345,110
85,347	1,742,018
4,290	27,160
<u>-</u>	<u>12,500</u>
<u>2,856,221</u>	<u>8,775,583</u>
<u>48,765</u>	<u>350,853</u>
75,000	75,000
<u>-</u>	<u>(75,000)</u>
<u>75,000</u>	<u>-</u>
123,765	350,853
<u>2,383,854</u>	<u>5,352,146</u>
<u>\$ 2,507,619</u>	<u>\$ 5,702,999</u>

COUNTY OF RUNNELS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES -MODIFIED CASH BASIS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	350,853
Current year capital outlays and long-term debt principal payments are expenditures in the governmental funds financial statements. They are increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of these adjustments is to increase (decrease) net position.		279,234
Depreciation is not recognized as an expense in the governmental funds financial statements. The net effect of this adjustment is to decrease net position.		(421,024)
<b>Change in Net Position of Governmental Activities</b>	<u>\$</u>	<u>209,063</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF RUNNELS  
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2024

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	Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 351,759
Total Assets	<u>351,759</u>
LIABILITIES	
Due to Other Governments	44,641
Due to Others	61,878
Total Liabilities	<u>106,519</u>
NET POSITION	
Restricted for Custodial Purposes	<u>245,240</u>
Total Net Position	<u><u>\$ 245,240</u></u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF RUNNELS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Custodial Funds
<b>ADDITIONS:</b>	
Property Taxes	\$ 17,384,299
Fees and Fines	2,304,415
Charges for Services	64,271
Bond and Registry Accounts	79,749
Interest	47,814
Total Additions	19,880,548
<b>DEDUCTIONS:</b>	
Property Taxes Remitted to Entities	17,274,745
State and County Fines and Fees	2,289,353
Bond and Registry Accounts	1,097
Collection Fees	123,881
Miscellaneous	47,814
Corrections and Rehabilitation	64,808
Total Deductions	19,801,698
Net Change in Fiduciary Net Position	78,850
Total Net Position - October 1 (Beginning)	166,390
Total Net Position - September 30 (Ending)	\$ 245,240

The notes to the financial statements are an integral part of this statement.

COUNTY OF RUNNELS  
Notes to the Financial Statements  
September 30, 2024

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Runnels, Texas, prepares its basic financial statements on the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**A. Reporting Entity**

The County of Runnels, Texas, was organized by an Act of the Texas Legislature in 1880. The County is governed by the Commissioners' Court, a five-member group consisting of an elected County Judge and four County Commissioners elected from individual precincts. Services provided by the County include public transportation through roads and bridges, judicial, public safety, corrections and rehabilitation, public health and welfare, and culture and recreation, as well as general administrative and support services. There are no component units included within the reporting entity.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities include programs supported primarily by taxes, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services - payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the County and (2) grants and contributions - payments from organizations outside the County that are restricted to meeting the operational or capital requirements of a particular function or segment of the County. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

All interfund transactions between governmental funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as interfund receivables and payables on the government-wide statement of net position.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other funds.

**C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

The government-wide financial statements are presented using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as are the fiduciary fund financial statements.

The fund financial statements are reported using the current financial resources measurement focus as applied to the modified cash basis of accounting.

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus and Basis of Accounting - Continued**

Governmental funds utilize a current financial resources measurement focus. Current financial assets and liabilities are generally the only items included on their balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. Fund balance is used to measure available spendable financial resources at the end of the period.

**Basis of Accounting**

The government-wide financial statements and the fund financial statements are presented using the modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position, fund equity, revenues, expenditures, and expenses when they result from cash transactions with a provision for depreciation in the government-wide financial statements. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America.

The use of the modified cash basis of accounting results in certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable, expenses for goods or services received but not yet paid, and accrued expenses and liabilities) not being recorded in these financial statements.

The government reports the following major governmental funds:

General Fund - This Fund is the general operating fund of the County. It is used to account for all revenues except those required to be accounted for in other funds.

Special Revenue Fund - SLFRF Grant Fund - This Fund accounts for the revenues and expenditures for the Coronavirus State and Local Fiscal Recovery Funds provided under the American Rescue Plan for response and recovery related to the COVID -19 public health emergency.

Special Revenue Fund - Rural Law Enforcement Salary Assistance Grant Fund - This Fund accounts for the revenues and expenditures for the Rural Law Enforcement Salary Assistance Program for supplemental law enforcement salaries and equipment.

Additionally, the government reports the following fund types:

Debt Service Fund - This Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Special Revenue Funds - These Funds account for resources restricted to, or committed for, specific purposes by the County or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund.

Fiduciary Funds account for assets held by the County in a trustee capacity or resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those Funds are not available to support the County's own programs.

The County has the following Fiduciary Funds:

Custodial Funds - These Funds are used to account for assets which are held by the County in a custodial capacity or as an agent for individuals, private organizations, other governments, or other County funds.

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Interfund Receivables and Payables**

Activity between individual funds may result in amounts owed between funds which are classified as Due To and From Other Funds. Other than amounts due to or from fiduciary funds these balances are eliminated in the statement of net position.

**E. Capital Assets**

In the government-wide financial statements, capital assets arising from modified cash basis transactions are reported in the statement of net position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20-30
Machinery and Equipment	5-10

In the fund financial statements, capital assets arising from modified cash basis transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**F. Long-Term Debt**

Long-term debt arising from modified cash basis transactions to be repaid from governmental resources is reported as liabilities in the government-wide financial statements.

Long-term debt arising from modified cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest are reported as expenditures.

**G. Compensated Absences**

County employees are entitled to vacation and sick leave based on their length of employment. Sick leave accumulates but does not vest. Vacation leave does not accumulate or vest. Employees who retire or voluntarily terminate employment will be paid for 50 days of unused sick leave if they have worked for the County for more than eight years and have accumulated more than 50 days of sick leave. Employees who voluntarily terminate employment will be paid for any unused vacation leave.

**H. Net Position on the Statement of Net Position**

Net position on the statement of net position includes the following:

Net Investment in Capital Assets - This component of net position represents the difference between capital assets net of accumulated depreciation and the outstanding balance of debt, excluding any unspent debt proceeds, which is directly attributable to the acquisition, construction, or improvement of those assets.

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**H. Net Position on the Statement of Net Position - Continued**

Restricted for Debt Service - This component of net position represents the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors.

Restricted by Legislation - This component of net position represents the difference between assets and liabilities of certain Special Revenue Funds that consists of assets with constraints placed on their use by state legislation.

Unrestricted - This is the difference between assets and liabilities that is not reported as Net Investment in Capital Assets, Restricted for Debt Service, or Restricted by Legislation.

**I. Fund Balances/Equity**

In the fund financial statements, governmental funds report the following classifications of fund balance:

Restricted - Amounts that can be spent only for specific purposes because usage restraints have been imposed by external sources such as creditors (through a debt covenant), grantors, contributors, or laws or regulations of other governments.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Commissioners' Court, the County's highest level of decision-making authority. Commitments may be modified or rescinded only through formal action by the Commissioners' Court.

Unassigned - Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

The details of the fund balances are included in the governmental funds balance sheet.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commissioners' Court has provided otherwise in its commitment or assignment actions.

Restricted net position for custodial purposes represents the net position available in the custodial funds for distribution to individuals, private organizations, and other governments.

**J. Implementation of New Accounting Standard**

The County implemented the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). The County determined there was no impact upon its financial position, results of operations, or cash flows upon adoption.

**K. Property Tax Revenues**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all property located in the County in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Property taxes are recognized as revenues when they are collected.

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**L. Interfund Transfers**

Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budget**

The County prepares and adopts a budget for governmental funds prior to the beginning of each fiscal year. The County holds public meetings for the purpose of obtaining comments from citizens prior to adopting the budget. Once a budget is approved, it can be amended only by approval of a majority of the members of the Commissioners' Court. The budget was amended during the year.

Budgets for the General Fund, Special Revenue Funds, and Debt Service Fund are adopted on a modified cash basis and cover a one-year period. Appropriations lapse at year end.

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy.

**Custodial Credit Risk - Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits and investments in certificates of deposit may not be returned to it. The County's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The County is not exposed to custodial credit risk for its deposits since they are covered by depository insurance and pledged securities held by a third party in the County's name.

**Concentration of Credit Risk:** The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. The County is not exposed to this risk as described in the preceding paragraph.

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**A. Deposits and Investments - Continued**

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At September 30, 2024, the County was not significantly exposed to credit risk.

Interest Rate Risk: Not applicable

Foreign Currency Risk: Not applicable

**B. Interfund Receivables, Payables, and Transfers**

1. The following is a summary of amounts due from and due to other funds:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
Nonmajor Governmental Funds			
Nonmajor Road and Bridge Fund	\$ 8,586	\$ 0	Operating Loan
Nonmajor CTIF Grant Fund	0	8,586	Operating Loan
Totals	\$ 8,586	\$ 8,586	

All amounts due are expected to be repaid within one year.

2. Interfund transfers consist of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Special Revenue Fund	\$ 75,000	Current Operations

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**C. Capital Assets**

Capital asset activity for the year ended September 30, 2024, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassification</u>	<u>Ending Balance</u>
Capital Assets					
Land	\$ 63,957	\$ 0	\$ 0	\$ 0	\$ 63,957
Buildings and Improvements	6,436,602	53,667	0	130,102	6,620,371
Machinery and Equipment	4,032,410	195,697	(10,000)	(2)	4,218,105
Construction in Progress	<u>130,100</u>	<u>0</u>	<u>0</u>	<u>(130,100)</u>	<u>0</u>
Total Capital Assets	<u>\$ 10,663,069</u>	<u>\$ 249,364</u>	<u>\$ (10,000)</u>	<u>\$ 0</u>	<u>\$ 10,902,433</u>
Less Accumulated Depreciation					
Buildings and Improvements	\$ (4,785,539)	\$ (200,131)	\$ 0	\$ 0	\$ (4,985,670)
Machinery and Equipment	<u>(3,066,337)</u>	<u>(220,893)</u>	<u>10,000</u>	<u>0</u>	<u>(3,277,230)</u>
Total Accumulated Depreciation	<u>\$ (7,851,876)</u>	<u>\$ (421,024)</u>	<u>\$ 10,000</u>	<u>\$ 0</u>	<u>\$ (8,262,900)</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,811,193</u>	<u>\$ (171,660)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,639,533</u>

Depreciation expense was charged to governmental activities programs as follows:

General Government	\$ 155,745
Roads and Bridges	100,266
Justice System	1,881
Public Safety	17,514
Corrections and Rehabilitation	138,331
Public Health and Welfare	<u>7,287</u>
Total	<u>\$ 421,024</u>

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**D. Unearned Revenue**

Unearned revenue at year end consisted of the following:

	General Fund	Special Revenue Funds	Total
SLFRF Grant Funds	\$ 0	\$ 913,237	\$ 913,237
Rural Law Enforcement Grant Funds	0	327,725	327,725
Insurance Proceeds	84,176	0	84,176
Miscellaneous	2,066	2,000	4,066
Totals	\$ 86,242	\$ 1,242,962	\$ 1,329,204

**E. Long Term Debt**

**Financed Purchases**

The County's outstanding financing agreements are all direct placement financing and are payable from the General Fund, the Road and Bridge Funds, and the Paving Fund, as follows:

Payable from the General Fund

Financed purchase to finance the acquisition of a 2022 Chevrolet Tahoe for the Sheriff's Office. Payable to American National Leasing with an interest rate of 6.25%. <sup>2</sup>	\$ 37,253
Financed purchase to finance the acquisition of a 2022 Chevrolet Tahoe for the Sheriff's Office. Payable to American National Leasing with an interest rate of 6.25%. <sup>2</sup>	30,969
Financed purchase to finance the acquisition of a 2022 Chevrolet Silverado. Payable to American National Leasing in annual installments with an interest rate of 2.75%. <sup>2</sup>	18,798
Financed purchase to finance the acquisition of a 2022 Chevrolet Silverado. Payable to American National Leasing in annual installments with an interest rate of 2.75%. <sup>2</sup>	21,045
Financed purchase for the purchase of hardware and software for the Election's Department. Payable to First Financial Bank in yearly installments with an interest rate of 3.331%. <sup>1,4</sup>	33,725
Financed purchase for the purchase of hardware and software for the Election's Department. Payable to First Financial Bank in yearly installments with an interest rate of 3.381%. <sup>1,4</sup>	13,284
Total Payable from the General Fund	\$ 155,074

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**E. Long Term Debt - Continued**

**Financed Purchases - Continued**

Payable from the Road and Bridge Funds

Financed purchase to finance the acquisition of a 2021 John Deere 672G Motor Grader. Payable to First National Bank, in annual installments with an interest rate of 2.65%. <sup>3</sup>	\$ 202,792
Financed purchase to finance the acquisition of a 2021 John Deere 544 Wheel Loader. Payable to First National Bank, in annual installments with an interest rate of 2.65%. <sup>3</sup>	52,409
Financed purchase to finance the acquisition of a 2017 John Deere 672G Motor Grader. Payable to First National Bank, in annual installments with an interest rate of 5.16%. <sup>3</sup>	131,383
Financed purchase to finance the acquisition of a 2018 John Deere 672G Motor Grader. Payable to First National Bank, in annual installments with an interest rate of 5.65%. <sup>3</sup>	108,665
Financed purchase to finance the acquisition of a 2023 John Deere 60G Excavator. Payable to First National Bank, in annual installments with an interest rate of 5.65%. <sup>3</sup>	69,557
Financed purchase to finance the acquisition of a 2010 John Deere 770G Motor Grader. Payable to First Financial Bank in annual installments with an interest rate of 5.95%. <sup>3</sup>	146,650
Financed purchase to finance the acquisition of 2019 Mack Water Truck. Payable to First National Bank, in annual installments with an interest rate of 3.95%. <sup>3</sup>	53,148
Financed purchase to finance the acquisition of 2016 Case Farmall Tractor. Payable to First National Bank, in annual installments with an interest rate of 2.65%. <sup>3</sup>	38,648
Financed purchase to finance the acquisition of 2022 John Deere 310SL Backhoe. Payable to First National Bank, in annual installments with an interest rate of 4.16%. <sup>3</sup>	<u>49,988</u>
Total Payable from Road and Bridge Funds	<u>\$ 853,240</u>
Total Financed Purchases Payable	<u><u>\$ 1,008,314</u></u>

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**E. Long Term Debt - Continued**

**Financed Purchases - Continued**

Future minimum financed purchase payments are as follows:

<u>Year Ending September 30,</u>	<u>Financed Purchases (Direct Placement)</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 283,044	\$ 42,900	\$ 325,944
2026	420,279	31,995	452,274
2027	157,546	16,205	173,751
2028	114,630	8,350	122,980
2029	<u>32,815</u>	<u>1,952</u>	<u>34,767</u>
Totals	<u>\$ 1,008,314</u>	<u>\$ 101,402</u>	<u>\$ 1,109,716</u>

The following is a summary of the changes in long-term debt for the year ended September 30, 2024:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Financed Purchases	<u>\$ 1,178,802</u>	<u>\$ 146,650</u>	<u>\$ 317,138</u>	<u>\$ 1,008,314</u>

<sup>1</sup> The financing proceeds for this purchase were received by the County and accordingly paid to the Vendor. Under the modified cash basis of accounting these leases are recorded on the Statement of Net Position as a liability.

<sup>2</sup> The financing is secured by a lien on the equipment. In case of default by the County in the payment of principal of and/or interest on the lease, the lender shall have right to repossess the property.

<sup>3</sup> The financing is secured by a lien on the equipment. In case of default by the County in the payment of principal of and/or interest on the lease, the lender shall have right to repossess the property or to file suit, action or special proceeding as permitted by law.

<sup>4</sup> The financing is secured by a lien on the equipment. In case of default by the County in the payment of principal of and/or interest on the lease, the lender shall have right to file suit, action or special proceeding as permitted by law.

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**IV. OTHER INFORMATION**

**A. Defined Benefit Pension Plan**

**Plan Description** - The County provides retirement, disability, and death benefits through a nontraditional defined benefit pension plan in the statewide, Texas County & District Retirement System (TCDRS). All full-time and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year, employees in a temporary position are not eligible for membership. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. This report is available at [www.tcdrs.org](http://www.tcdrs.org). TCDRS' CAFR may also be obtained by writing to the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 1-800-823-7782.

The plan provisions are adopted by the governing body of the employer within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

**Funding Policy** - The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. However, the governing body chose to contribute at an elected rate of 6.00% in both 2023 and 2024 that exceeded the actuarially determined rates of 4.51% and 3.43%, respectively, as allowed by the provisions of the TCDRS Act.

The deposit rate payable by the employee members for calendar year 2024 is 7% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

**Actuarial Assumptions** - All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2023 funding valuation, except as noted below and throughout this report. Please see the County's December 31, 2023 Summary Valuation Report for further details.

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

Following are the key assumptions and methods used in this GASB analysis:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age (Level Percent of Pay)
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line Amortization Over Expected Working Life
Recognition of Assumptions Changes or Inputs	Straight-Line Amortization Over Expected Working Life
Asset Valuation Method	
Smoothing Period	5 Years
Recognition Method	Non-Asymptotic
Corridor	None
Inflation	2.5%
Salary Increases	4.7%
Investment Rate of Return	7.6% (Gross of Administrative Expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Members eligible for service retirement are assumed to retire at various rates based upon age and gender. For all eligible members ages 75 and later, retirement is assumed to occur immediately.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	Mortality rates for depositing members are based on 135% for males and 120% for females of the gender-distinct Pub-2010 General Employees Amount-Weighted Mortality Table. Service retirees, beneficiaries, and non-depositing members are based on 135% for males and 120% for females of the Pub-2010 General Retirees Amount-Weighted Mortality Table. Disabled retirees are based on 160% for males and 125% for females of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table. All of the rates are projected with 100% of the MP-2021 Ultimate scale after 2010.

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

**Long-Term Expected Rate of Return** - The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 information for a 10-year time horizon.

Note the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at its March 2022 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice.

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (Net) Index	2.50%	4.75%
International Equities - Developed Markets	MSCI World Ex USA (Net) Index	5.00%	4.75%
International Equities - Emerging Markets	MSCI Emerging Markets (Net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (Net) Index	2.00%	4.10%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.60%

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

**Depletion of Plan Assets/GASB Discount Rate** - The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in 1, calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments.

The funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act are such that a depletion is not projected to occur.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.6%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.5%, net of all expenses, increased by 0.1% to be gross of administrative expenses.

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

**Changes in Net Pension Liability (Asset)** - The following presents the increases (decreases) in net pension liability (asset):

<u>Changes in Net Pension Liability (Asset)</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> (a)	<u>Fiduciary Net Position</u> (b)	<u>Net Pension Liability (Asset)</u> (a) - (b)
Balance as of December 31, 2022	\$ 14,870,564	\$ 16,397,205	\$ (1,526,641)
Changes for the Year:			
Service Cost	\$ 327,181	\$ 0	\$ 327,181
Interest on Total Pension Liability	1,118,870	0	1,118,870
Effect of Plan Changes	0	0	0
Effect of Economic/Demographic Gains or Losses	171,933	0	171,933
Effect of Assumptions Changes or Inputs	0	0	0
Refund of Contributions	(27,502)	(27,502)	0
Benefit Payments	(941,798)	(941,798)	0
Administrative Expenses	0	(9,203)	9,203
Member Contributions	0	230,052	(230,052)
Net Investment Income	0	1,796,707	(1,796,707)
Employer Contributions	0	197,189	(197,189)
Other	0	(20,559)	20,559
Net Changes	\$ 648,684	\$ 1,224,886	\$ (576,202)
Balance as of December 31, 2023	<u>\$ 15,519,248</u>	<u>\$ 17,622,091</u>	<u>\$ (2,102,843)</u>

**Sensitivity Analysis** - The following presents the net pension liability (asset) of the County, calculated using the discount rate of 7.6%, as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.6%) or 1 percentage point higher (8.6%) than the current rate.

	<u>1% Decrease in Discount Rate (6.6%)</u>	<u>Current Discount Rate (7.6%)</u>	<u>1% Increase in Discount Rate (8.6%)</u>
Total Pension Liability	\$ 17,112,489	\$ 15,519,248	\$ 14,141,735
Fiduciary Net Position	<u>17,622,091</u>	<u>17,622,091</u>	<u>17,622,091</u>
Net Pension Liability (Asset)	<u>\$ (509,602)</u>	<u>\$ (2,102,843)</u>	<u>\$ (3,480,356)</u>

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

**Pension Expense (Income)** - The following presents the components of pension expense (income):

<u>Pension Expense (Income)</u>	<u>January 1, 2023 to December 31, 2023</u>
Service Cost	\$ 327,181
Interest on Total Pension Liability	1,118,870
Effect of Plan Changes	0
Administrative Expenses	9,203
Member Contributions	(230,052)
Expected Investment Return Net of Investment Expenses	(1,224,856)
Recognition of Deferred Outflows/Inflows of Resources:	
Recognition of Economic/Demographic Gains or Losses	(96,358)
Recognition of Assumption Changes or Inputs	(46,822)
Recognition of Investment Gains or Losses	(352,659)
Other	<u>20,559</u>
Total Pension Expense (Income)	<u>\$ (474,934)</u>

**Deferred Outflows/Deferred Inflows of Resources** - As of September 30, 2024, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 114,623	\$ 136,672
Changes in Assumptions	-	-
Net Differences Between Projected and Actual Earnings	29,956	-
Contributions Made Subsequent to Measurement Date	<u>179,812</u>	<u>-</u>
Totals	<u>\$ 324,391</u>	<u>\$ 136,672</u>

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Pension Expense Amount</u>
2024	\$ (219,041)
2025	(15,534)
2026	356,852
2027	(114,370)
2028	0
Thereafter	0

The net pension liability (asset), deferred resource outflows, and deferred resource inflows related to the pension liability (asset) are reported in the notes to the financial statements. Due to the County's reporting on the OCBOA - modified cash basis, these items are not reflected in the financial statements.

**B. Other Postemployment Benefits (OPEB)**

**Plan Description** - The County participates in the Group Term Life (GTL) program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system. All full-time and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year, and are eligible for the TCDRS pension plan. Only employers that have elected to participate in the GTL program are included in the OPEB plan.

**Benefits Provided** - The plan provides a \$5,000 postretirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the GTL program. The OPEB benefit is a fixed \$5,000 lump-sum benefit, and no future increases are assumed in the benefit amount.

Contributions made to the retiree GTL program are held in the GTL fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan. The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments shown in the changes in the total OPEB liability.

Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. The County's contribution rate for the retiree GTL program is calculated annually on an actuarial basis and is equal to the cost of providing a one-year death benefit equal to \$5,000.

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**IV. OTHER INFORMATION - Continued**

**B. Other Postemployment Benefits (OPEB) - Continued**

**Employees Covered by Benefit Terms** - At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	76
Inactive Employees Entitled to but not yet Receiving Benefits	16
Active Employees	<u>83</u>
Total	<u><u>175</u></u>

**Total OPEB Liability** - The County's total OPEB liability of \$377,462 was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions** - The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2023
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line Amortization Over Expected Working Life
Recognition of Assumptions Changes or Inputs	Straight-Line Amortization Over Expected Working Life
Investment Rate of Return (Discount Rate)	3.26%

The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (Paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher municipal bonds. Therefore, a discount rate of 3.26% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2023. At transition, GASB 75 also requires that the total OPEB liability as of the prior fiscal year end be estimated based on the 20 Year Bond GO Index as of the prior fiscal year end. The actuary estimated the total OPEB liability as of December 31, 2022, using a discount rate of 3.72% as of December 31, 2022.

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**IV. OTHER INFORMATION - Continued**

**B. Other Postemployment Benefits (OPEB) - Continued**

Mortality rates were based on the following criteria:

Depositing Members	135% of the Pub-210 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010
Service Retirees, Beneficiaries and Non-Depositing Members	135% of the Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for Females, both projected with 100% for the 2021 Ultimate scale after 2010.
Disabled Retirees	160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% for the 2021 Ultimate scale after 2010.

All actuarial assumptions that determined the total OPEB liability as of December 31, 2023, were based on the results of an actuarial experience study for the period January 1, 2017 - December 31, 2020, except where required to be different by GASB 75.

**Changes in Total OPEB Liability** - The following presents the increases (decreases) in total OPEB liability:

Changes in Total OPEB Liability	
Balance as of December 31, 2022	<u>\$ 301,112</u>
Changes for the Year:	
Service Cost	\$ 5,800
Interest on Total OPEB Liability	11,272
Changes of Benefit Terms	0
Effect of Economic/Demographic Experience	5,184
Effect of Assumptions Changes or Inputs	21,152
Benefit Payments	(7,887)
Other	<u>0</u>
Net Changes	<u>\$ 35,521</u>
Balance as of December 31, 2023	<u><u>\$ 336,633</u></u>

Changes of assumptions or other inputs reflect a change in the discount rate from 3.72% in 2022 to 3.26% in 2023.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**IV. OTHER INFORMATION - Continued**

**B. Other Postemployment Benefits (OPEB) - Continued**

**Sensitivity Analysis** - The following presents the total OPEB liability of the County, calculated using the discount rate of 3.26%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.26%) or 1 percentage point higher (4.26%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	<u>1% Decrease in Discount Rate (2.26%)</u>	<u>Current Discount Rate (3.26%)</u>	<u>1% Increase in Discount Rate (4.26%)</u>
Total OPEB Liability	<u>\$ 390,837</u>	<u>\$ 336,633</u>	<u>\$ 293,174</u>

**OPEB Expense (Income)** - The following presents the components of OPEB expense (income):

	<u>January 1, 2023 to December 31, 2023</u>
<u>OPEB Expense (Income)</u>	
Service Cost	\$ 5,800
Interest on Total OPEB Liability	11,272
Effect of Plan Changes	0
Recognition of Deferred Outflows/Inflows of Resources:	
Recognition of Economic/Demographic Gains or Losses	(1,670)
Recognition of Assumption Changes or Inputs	(5,389)
Other	<u>0</u>
Total OPEB Expense (Income)	<u>\$ 10,013</u>

**Deferred Outflows/Deferred Inflows of Resources** - As of September 30, 2024, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 4,404	\$ 2,410
Changes in Assumptions	17,741	42,352
Contributions Made Subsequent to Measurement Date	<u>12,319</u>	<u>-</u>
Totals	<u>\$ 34,464</u>	<u>\$ 44,762</u>

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**IV. OTHER INFORMATION - Continued**

**B. Other Postemployment Benefits (OPEB) - Continued**

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year Ending <u>September 30,</u>	<u>OPEB Expense Amount</u>
2024	\$ (14,866)
2025	(14,335)
2026	6,584
2027	0
2028	0
Thereafter	0

The total OPEB liability (asset), deferred resource outflows, and deferred resource inflows related to the total OPEB liability (asset) are reported in the notes to the financial statements. Due to the County's reporting on the OCBOA - modified cash basis, these items are not reflected in the financial statements.

**C. Self-Insurance**

The County has entered into an interlocal participation agreement with the Texas Association of Counties Workers' Compensation Self-Insurance Fund (the Fund). The Fund is an unincorporated association of counties and other county-related political subdivisions of the State of Texas that was created to provide workers' compensation benefits for its members pursuant to the provisions of Article 8309h, Texas Revised Civil Statutes Annotated. The Fund provides for the self-insurance of certain defined risks jointly among the Fund members. The Fund is required to provide stop-loss coverage; however, the amount of this coverage may be adjusted at the discretion of the Fund's Board of Trustees. The County's participation in the Fund is on a nonassessable basis. The County has no joint and several liability other than the maximum annual contribution required to be paid into the Fund. The County made contributions to the Fund based upon its standard annual premium which was computed using the Texas State Board of Insurance workers' compensation rates and adjusted by the County's experience modifier. Contributions are adjusted annually based upon the County's experience modifier; however, contributions are subject to adjustments on an interim basis if such adjustments are the result of changes mandated by state law.

The County has entered into an interlocal participation agreement with the Texas Association of Counties County Government Risk Management Pool (the Pool). The Pool is an unincorporated association of counties that was created to provide liability coverage to its members pursuant to the provisions of Article 4413 (32i), Texas Revised Civil Statutes Annotated. The Pool provides for the self-insurance of certain defined risks jointly among the Pool members. The Pool provides stop-loss coverage at the discretion of the Pool's Board of Trustees. The County made contributions to the Pool based upon a rating system approved by the Pool's Board of Trustees. Contributions are adjusted annually based upon the County's loss experience; however, the Pool has the right to impose a surcharge for any year in which the County's loss experience is higher than was projected in the rating system. The County's participation in the Pool provides coverage for public officials' liability, law enforcement liability, comprehensive auto liability, comprehensive general liability, and heavy equipment.

COUNTY OF RUNNELS  
Notes to the Financial Statements - Continued  
September 30, 2024

**IV. OTHER INFORMATION - Continued**

**C. Self-Insurance - Continued**

The County has entered into an interlocal participation agreement with the Texas Association of Counties Property and Casualty Self-Insurance Fund (the Fund). The Fund is an unincorporated association of counties and other political subdivisions of the State of Texas that was created to provide property and casualty insurance to its members pursuant to Article 715C, Texas Revised Civil Statutes Annotated. Coverage provided by the Fund may differ from member to member depending on the nature of the risk to be covered. The County made contributions to the Fund based upon rates approved by Board of Trustees of the Fund. Contributions are adjusted annually based upon the County's loss experience. The County's participation in the Fund is on a nonassessable basis. The County has no joint and several liability other than the maximum annual contribution required to be paid into the Fund; however, this contribution may include surcharges specifically related to the County's loss experience. The County's participation in the Fund provides coverage for property damage.

**D. Tax Abatements**

The County has entered into contractual agreements with various energy companies, in which the County has agreed to reduce the amount of ad valorem taxes payable on certain improvements constructed after the date the agreement was reached in accordance with Chapter 312 of the State of Texas Tax Code. The terms of the agreement are limited by the guidelines and criteria established by the Commissioner Court. For the 2023 tax year projects were not complete; therefore, no taxes were abated in this fiscal year.

**E. Subsequent Events**

On May 4, 2024, the taxpayers of the County approved the issuance of general obligation bonds in the amount of \$3,900,000 for the improvement and equipping of the County jail facility. The bonds will be issued in fiscal year 2025.

The County's management has evaluated subsequent events through June 5, 2025, the date which the financial statements were available for issue.

Supplementary Information

COUNTY OF RUNNELS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 4,662,457	\$ 4,662,457	\$ 4,729,364	\$ 66,907
Fees and Fines	195,438	195,438	221,095	25,657
Intergovernmental	264,933	265,976	201,542	(64,434)
Interest	75,000	75,000	278,958	203,958
Miscellaneous	23,625	83,972	213,170	129,198
Total Revenues	<u>5,221,453</u>	<u>5,282,843</u>	<u>5,644,129</u>	<u>361,286</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	2,356,548	2,388,580	2,301,666	86,914
Justice System	502,314	502,314	471,192	31,122
Public Safety	1,182,384	1,194,521	1,127,580	66,941
Corrections and Rehabilitation	1,656,364	1,666,365	1,472,493	193,872
Health and Welfare	58,661	58,661	22,870	35,791
Culture and Recreation	12,500	12,500	12,500	-
Total Expenditures	<u>5,768,771</u>	<u>5,822,941</u>	<u>5,408,301</u>	<u>414,640</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(547,318)</u>	<u>(540,098)</u>	<u>235,828</u>	<u>775,926</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out (Use)	-	(75,000)	(75,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Net Change in Fund Balances	(547,318)	(615,098)	160,828	775,926
Fund Balance - October 1 (Beginning)	2,883,985	2,883,985	2,883,985	-
Fund Balance - September 30 (Ending)	<u>\$ 2,336,667</u>	<u>\$ 2,268,887</u>	<u>\$ 3,044,813</u>	<u>\$ 775,926</u>

COUNTY OF RUNNELS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
<b>A. Total Pension Liability</b>			
Service Cost	\$ 327,181	\$ 359,122	\$ 338,177
Interest (on the Total Pension Liability)	1,118,870	1,113,265	1,090,355
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	171,934	(410,018)	(50,980)
Changes of Assumptions	-	-	(140,466)
Benefit Payments, Including Refunds of Employee Contributions	(969,301)	(944,527)	(968,198)
Net Change in Total Pension Liability	\$ 648,684	\$ 117,842	\$ 268,888
Total Pension Liability - Beginning	14,870,564	14,752,722	14,483,834
Total Pension Liability - Ending	\$ 15,519,248	\$ 14,870,564	\$ 14,752,722
<b>B. Total Fiduciary Net Position</b>			
Contributions - Employer	\$ 197,189	\$ 216,894	\$ 263,626
Contributions - Employee	230,052	216,894	199,498
Net Investment Income	1,796,707	(1,010,765)	3,285,948
Benefit Payments, Including Refunds of Employee Contributions	(969,301)	(944,527)	(968,198)
Administrative Expense	(9,202)	(9,608)	(9,730)
Other	(20,559)	(56,878)	(10,117)
Net Change in Plan Fiduciary Net Position	\$ 1,224,886	\$ (1,587,990)	\$ 2,761,027
Plan Fiduciary Net Position - Beginning	16,397,205	17,985,195	15,224,168
Plan Fiduciary Net Position - Ending	\$ 17,622,091	\$ 16,397,205	\$ 17,985,195
<b>C. Net Pension Liability (Asset)</b>	\$ (2,102,843)	\$ (1,526,641)	\$ (3,232,473)
<b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	113.55%	110.27%	121.91%
<b>E. Covered Payroll</b>	\$ 3,286,456	\$ 3,098,491	\$ 2,849,972
<b>F. Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	(63.99%)	(49.27%)	(113.42%)

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$ 299,439	\$ 283,876	\$ 269,760	\$ 277,810	\$ 306,522	\$ 278,520	\$ 286,024
1,085,976	1,046,885	1,022,582	982,730	952,025	922,324	889,693
-	-	-	-	-	(16,414)	-
(217,223)	17,140	-	(91,006)	(259,615)	(175,323)	(128,677)
667,880	-	(184,843)	101,691	-	136,483	-
(902,254)	(860,271)	(784,376)	(758,472)	(736,748)	(730,913)	(669,020)
\$ 933,818	\$ 487,630	\$ 323,123	\$ 512,753	\$ 262,184	\$ 414,677	\$ 378,020
13,550,016	13,062,386	12,739,263	12,226,510	11,964,326	11,549,649	11,171,629
\$ 14,483,834	\$ 13,550,016	\$ 13,062,386	\$ 12,739,263	\$ 12,226,510	\$ 11,964,326	\$ 11,549,649
\$ 267,846	\$ 253,627	\$ 244,545	\$ 226,117	\$ 235,085	\$ 232,393	\$ 225,919
202,690	191,933	185,061	171,114	177,900	175,863	170,965
1,467,227	2,066,677	(249,994)	1,724,823	842,493	213,800	779,631
(902,254)	(860,271)	(784,376)	(758,472)	(736,748)	(730,913)	(669,020)
(11,140)	(10,829)	(10,106)	(8,783)	(9,286)	(8,369)	(8,837)
(11,366)	(12,219)	(9,243)	(4,924)	(202,208)	(49,566)	(17,350)
\$ 1,013,003	\$ 1,628,918	\$ (624,113)	\$ 1,349,875	\$ 307,236	\$ (166,792)	\$ 481,308
14,211,165	12,582,247	13,206,360	11,856,486	11,549,250	11,716,042	11,234,734
\$ 15,224,168	\$ 14,211,165	\$ 12,582,247	\$ 13,206,361	\$ 11,856,486	\$ 11,549,250	\$ 11,716,042
\$ (740,334)	\$ (661,149)	\$ 480,139	\$ (467,098)	\$ 370,024	\$ 415,076	\$ (166,393)
105.11%	104.88%	96.32%	103.67%	96.97%	96.53%	101.44%
\$ 2,895,577	\$ 2,741,899	\$ 2,643,724	\$ 2,444,483	\$ 2,541,429	\$ 2,512,323	\$ 2,442,356
(25.57%)	(24.11%)	18.16%	(19.11%)	14.56%	16.52%	(6.81%)

COUNTY OF RUNNELS  
 SCHEDULE OF CONTRIBUTIONS  
 TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
 FOR THE FISCAL YEAR 2024

	2024	2023	2022
Actuarially Determined Contribution	\$ 199,848	\$ 193,372	\$ 187,262
Contributions in Relation to the Actuarially Determined Contributions	(237,591)	(201,228)	(232,282)
Contribution Deficiency (Excess)	<u>\$ (37,743)</u>	<u>\$ (7,856)</u>	<u>\$ (45,020)</u>
Covered Employee Payroll	\$ 3,531,721	\$ 3,206,611	\$ 3,050,010
Contributions as a Percentage of Covered Employee Payroll	6.72%	6.28%	7.62%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

	2021	2020	2019	2018	2017	2016	2015
\$	179,016	\$ 183,433	\$ 192,170	\$ 197,527	\$ 195,054	\$ 226,739	232,498
	(255,774)	(258,561)	(251,412)	(241,886)	(228,339)	(236,988)	(232,498)
\$	(76,758)	\$ (75,128)	\$ (59,242)	\$ (44,359)	\$ (33,285)	\$ (10,249)	-
\$	2,765,095	\$ 2,795,232	\$ 2,717,968	\$ 2,614,968	\$ 2,468,498	\$ 2,562,002	2,513,462
	9.25%	9.25%	9.25%	9.25%	9.25%	9.25%	9.25%

COUNTY OF RUNNELS  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
<b>Total OPEB Liability</b>			
Service Cost	\$ 5,800	\$ 10,595	\$ 10,234
Interest on the Total OPEB Liability	11,272	7,880	8,002
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	5,184	1,034	(9,643)
Changes of Assumptions	21,152	(84,704)	7,508
Benefit Payments*	(7,887)	(11,155)	(11,685)
Net Change in Total OPEB Liability	35,521	(76,350)	4,416
Total OPEB Liability - Beginning	301,112	377,462	373,046
Total OPEB Liability - Ending	<u>\$ 336,633</u>	<u>\$ 301,112</u>	<u>\$ 377,462</u>
<b>Covered Payroll</b>	\$ 3,286,456	\$ 3,098,491	\$ 2,849,972
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	10.24%	9.72%	13.24%

\*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
\$	9,917	\$ 6,820	\$ 8,609	\$ 7,891
	9,268	11,026	10,035	10,439
	-	-	-	-
	(3,259)	1,562	(2,526)	(3,606)
	34,491	58,365	(26,094)	9,559
	(11,293)	(11,790)	(10,311)	(8,556)
	39,124	65,983	(20,287)	15,727
	333,922	267,939	288,226	272,499
	<u>373,046</u>	<u>333,922</u>	<u>267,939</u>	<u>288,226</u>
\$	2,895,577	\$ 2,741,899	\$ 2,643,724	\$ 2,444,483
	12.88%	12.18%	10.13%	11.79%

COUNTY OF RUNNELS  
Notes to the Supplementary Information  
September 30, 2024

Note A - Net Pension Liability

Following are the key assumptions and methods used in this GASB analysis:

Valuation Date	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age (Level Percent of Pay)
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	0.0 Years (Based on Contribution Rate Calculated in December 31, 2023 Valuation)
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.5%
Salary Increases	Varies by Age and Service - 4.7% Average Over Career Including Inflation
Investment Rate of Return	7.5%, Net of Administrative and Investment Expenses, Including Inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% for males and 120% for females of the Pub-2010 General Retirees Table, both projected with 100% of the MP-2021 Ultimate scale for 2010
Changes in Assumptions and Methods Reflected in the Schedule of Employer	2023: No changes were reflected
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2023: No changes in plan provisions were reflected in the Schedule

COUNTY OF RUNNELS  
Notes to the Supplementary Information - Continued  
September 30, 2024

Note B - Total OPEB Liability

Following are the key assumptions and methods used in this GASB analysis.

Actuarial Assumptions - The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2023
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line Amortization Over Expected Working Life
Recognition of Assumptions Changes or Inputs	Straight-Line Amortization Over Expected Working Life
Investment Rate of Return (Discount Rate)	3.26%

Mortality rates were based on the following criteria:

Depositing Members	135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service Retirees, Beneficiaries and Non- Depositing Members	135% of the Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled Retirees	160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

All actuarial assumptions that determined the total OPEB liability as of December 31, 2023, were based on the results of an actuarial experience study for the period January 1, 2017 - December 31, 2020, except where required to be different by GASB 75.

COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable County Judge  
and Commissioners' Court  
County of Runnels  
P.O. Box 310  
Ballinger, TX 76821-0310

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Runnels, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 5, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County of Runnels' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Runnels' internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Runnels' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Runnels' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item: 2024-001.

### **County's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the County of Runnels' response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly we express no opinion on the response.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Eckert & Company, LLP*

June 5, 2025

COUNTY OF RUNNELS  
Schedule of Findings and Responses  
Year Ended September 30, 2024

**Findings -**

Reference Number: 2024-001

Criteria:

The County purchased equipment from a single vendor which exceeded \$50,000 and, therefore, must follow statutory bidding requirements.

Condition:

The County made a purchase that was over the amount required for bidding without going through the procurement process.

Cause:

Competitive procurement procedures are in place but were not followed due to inadequate controls over the procurement process.

Effect:

Because competitive procurement procedures were not followed the County may not have obtained the best value for these purchases.

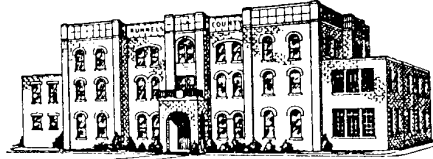
Auditor's Recommendation:

The County should become knowledgeable about state purchasing laws and comply with them.

Management's Response:

The County will become knowledgeable about state purchasing laws and comply with them.

RUNNELS COUNTY



COMMISSIONERS COURT  
RUNNELS COUNTY COURTHOUSE  
613 HUTCHINGS AVENUE, ROOM 103  
BALLINGER, TEXAS 76821

Julia Miller, County Judge

Carl King, Precinct 1  
Brandon Poehls, Precinct 3

Chris Ocker, Precinct 2  
Juan Ornales, Precinct 4

Corrective Action Plan  
Year Ended September 30, 2024

(Prepared by the County's Management)

The County of Runnels submits the following corrective action plan for the year ended September 30, 2024:

**Findings - State Compliance**

2024-001 Competitive Bidding

Recommendation:

The County should become knowledgeable about state purchasing laws and comply with them.

Action Taken:

The County will become knowledgeable about state purchasing laws and comply with them.

Anticipated Completion Date: Throughout Fiscal Year Ending September 30, 2025

**Contact Person**

Julia Miller, County Judge  
325/365-2633